

## Article - Education

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§11-211.

(a) (1) In this section the following words have the meanings indicated.

(2) “Closing institution” means a private career school or an institution of postsecondary education that closes at least one program in a manner that is a disorderly closure.

(3) “Disorderly closure” means the cessation of educational instruction, as determined by the Commission, of a program in which:

(i) The institution did not provide a satisfactory amount of time, as determined by the Commission, for all Maryland students to complete the program;

(ii) The institution did not transition all Maryland students into another program at the institution; or

(iii) The institution did not enter into at least one school-to-school teach-out agreement.

(4) “Eligible transfer institution” means a private career school or an institution of postsecondary education that:

(i) 1. Has a certificate of approval from the Commission in accordance with § 11-202 of this subtitle;

2. Is registered with the Commission in accordance with § 11-202.2 of this subtitle; or

3. Is exempt from registering with the Commission in accordance with § 11-202.2 of this subtitle;

(ii) Is in good standing with its accreditor and, if applicable, its licensing body;

(iii) If applicable, has cohort loan default rates, as most recently reported by the U.S. Department of Education, that are less than or equal to:

1. The cohort loan default rates of the closing institution; or

2. The national average cohort loan default rates for all institutions;

(iv) Is not currently under financial aid restrictions by the U.S. Department of Education; and

(v) Within the previous 5 years:

1. Has not entered into any settlement agreements related to a consumer protection law with a law enforcement agency; and

2. Has not had any judgments related to a consumer protection law entered against it in favor of a law enforcement agency.

(5) “Fully online distance education program in the State” has the meaning stated in § 11–202.2 of this subtitle.

(6) “Institutional debt” means:

(i) The amount outstanding on any credit, including unpaid charges, extended by or on behalf of the institution that a student is obligated to repay, whether the amount has been reduced to judgment or the institution classifies it as a loan; or

(ii) A nonfederal loan or debt agreement that is issued expressly for postsecondary education expenses and that is guaranteed by:

1. A private career school;

2. An institution of postsecondary education; or

3. A private educational lender that is affiliated with a private career school or an institution of postsecondary education.

(7) “Institutional financial aid agreement” means any contract, promissory note, part of an enrollment agreement, or other agreement in which a student agrees to pay an institutional debt.

(b) This section applies to a private career school or an institution of postsecondary education, as defined in § 10–101 of this article, that:

(1) Operates in the State; or

(2) Enrolls at least 25 students in a fully online distance education program in the State and that has total tuition revenue from Maryland students greater than \$100,000 in the immediately preceding academic year.

(c) (1) (i) In addition to any other requirement of this title, an institution identified in subsection (b) of this section shall provide to the Commission a close-out agreement.

(ii) A close-out agreement provided under this paragraph shall be updated as required by the Commission.

(2) A close-out agreement under this subsection shall state that:

(i) The institution will make all reasonable efforts to ensure that any closure of a program that enrolls Maryland students is not a disorderly closure;

(ii) Unless exempted by the Commission, the chief executive officer and the members of the governing body of the institution were never in an executive position or a member of a governing body of an institution in which a disorderly closure occurred;

(iii) Any institutional financial aid agreement offered to a Maryland student shall contain language stating that, in the event of a disorderly closure, the institutional debt is void and may not be recovered, collected, or enforced.

(3) A school-to-school teach-out agreement shall:

(i) Be arranged by the closing institution;

(ii) Be between an eligible transfer institution, the closing institution, and the Commission; and

(iii) Unless waived for good cause by the Commission, specify that the eligible transfer institution:

1. If the closing institution has a physical presence in the State, is located within a reasonable distance of the closing institution;

2. Shall accept the transfer of 75% of completed credits from students affected by the disorderly closure;

3. Shall allow a Maryland student affected by the disorderly closure to complete the student's program with substantially the same number of credit hours as was required by the institution operating the closing program; and

4. May not charge a Maryland student tuition or fees in excess of the lesser of:

A. The remaining amount that a Maryland student affected by the disorderly closure would have paid to the closing institution to complete the program; or

B. The transfer institution's applicable tuition and fees; and

(iv) Specify that, on request by a Maryland student affected by the disorderly closure, the closing institution shall provide a complete academic record and an official transcript to the Maryland student at no cost to the Maryland student or the State.

(d) It shall be an unfair, abusive, or deceptive trade practice as defined in § 13-301 of the Commercial Law Article for any institution, person, or entity to collect on a Maryland student's institutional debt if:

(1) The institutional financial aid agreement does not contain the language required under subsection (c)(2)(iv) of this section; or

(2) The institutional debt is owed by a Maryland student who attended a program in which a disorderly closure occurred.

(e) The Commission shall adopt regulations to carry out the provisions of this section.

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